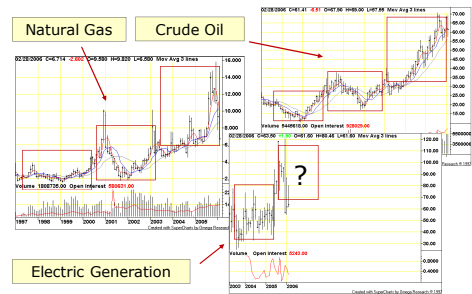


Oil & Gas Leasing Issues

Energy Markets – Current Trends



No Silver Bullets...

Energy Trends and Their Impact ...A Lot of Silver Buckshot

- Electric System Upgrades
- Advanced Metering Infrastructure (AMI)
- Utility Rates and Tariffs
- Pipelines and Storage Fields

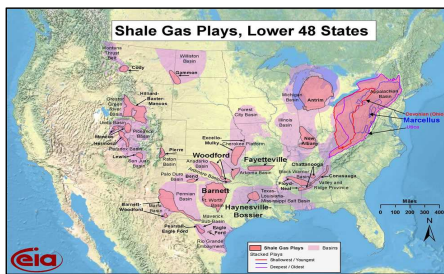


Energy Trends and Their Impact ...A Lot of Silver Buckshot

- Utility Scale Renewable Generation
- Energy Crops
- On-Site Generation Capabilities
- 25 x'25 Energy Policy



Energy Trends and Their Impact ...A Lot of Silver Buckshot



Energy Trends and Their Impact ...A Lot of Silver Buckshot

- Marcellus and Utica Shale provides some resources.
- Need to Plan accordingly.



Considerations Before Signing an Oil or Gas Lease - Implications

"Size Does Matter"



Considerations Before Signing an Oil or Gas Lease - Implications

"Size Does Matter"



Considerations Before Signing an Oil or Gas Lease - Implications

➤ If you hear during the conversation...

- "Shale"
- "Deep Wells"
- "Marcellus"
- "Utica"
- "Directional Drilling"
- "Horizontal Drilling"
- "Seismic Testing"



Considerations Before Signing an Oil or Gas Lease - Implications

- A lease is made between individual parties; Landowner and Developer will be partners.
- The lease is long term, multi-generations.
- Anything/everything is negotiable; make adjustments to fit the farm.
- Clear your deed - Ohio Dormant Minerals Act (ORC 5301.56)



Considerations Before Signing an Oil or Gas Lease - References

Get to Know the Leasing Agent...

- Have the representative identify his exact relationship with an oil and gas exploration company – In short, the company that will do the drilling project...
 - "Working for" and "working with" mean different things.
 - The more generations removed, the more speculative the leasing activity.



Considerations Before Signing an Oil or Gas Lease - References

Get to know the Developer (Driller)...

- Ask for five references from the company of landowners where they have operating wells. Call the references and ask:
 - Is the producer easy to talk to and does he or she respond to problems promptly?
 - Are delay rentals or royalties paid regularly and on time?
 - Was restoration done properly?



Considerations Before Signing an Oil or Gas Lease - References

Get to know the Developer (Driller)...

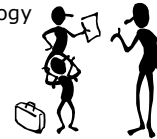
- Ask for five references from the company of landowners where they have operating wells. Call the references and ask:
 - Were you consulted on access road, well site, compressor station and all facility locations?
 - Are you having any problems now with the producer?



Considerations Before Signing an Oil or Gas Lease - References

Get to know your Legal Counsel...

- Ask legal counsel the following:
 - Years of experience working with complex leasing/contracts used in energy and utility related issues.
 - Familiarity with different types of energy technology being used today.
 - Experience negotiating individual and group agreements.



Considerations Before Signing an Oil or Gas Lease - References

Get to know your Legal Counsel...

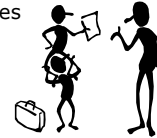
- Ask legal counsel the following:
 - Access to financial planning resources for the farm (business functions, taxes, etc.) and family, (estate planning, gifts, trusts, multi-generation benefits, taxes, etc.)
 - Access to counselors when issues must be addressed between several family members with diverse needs.



Considerations Before Signing an Oil or Gas Lease - References

Get to know the Aggregator...

- Ask landowner association representatives the following:
 - Legal Counsel - Years of experience, access to resources, who he/she represents.
 - Governance - Who makes decisions impacting the group; policies and procedures.



Considerations Before Signing an Oil or Gas Lease - References

Get to know the Aggregator...

- Ask landowner association representatives the following:
 - Enrollment - Cost, procedures and "exit provisions."
 - Ability to craft individual provisions to a general agreement.
 - Group size and critical mass.
 - References...

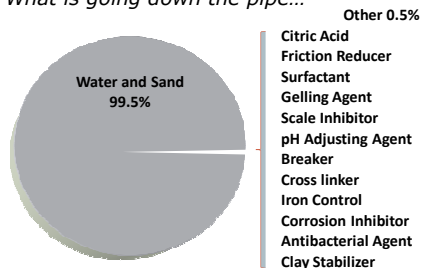


Hydro Fraction Technology



Provisions a Landowner Should Consider in a Lease – Baselines

What is going down the pipe...



Provisions a Landowner Should Consider in a Lease – Baselines

What is coming up the pipe...

Carbon Dioxide	Aluminium	Barium
Ethane	Calcium	Manganese
Propylene	Cadmium	Strontium
Butylene	Chromium	
Sulfur	Copper and Iron	
Hydrogen Sulfide	Magnesium	
Halides	Molybdenum,	
Fluorides	Nickel, Lead	
	and Zinc	



Provisions a Landowner Should Consider in a Lease – Baselines

Ask the producer about their procedures...

Land Farming
Injection Well Access
Drilling Solids Storage & Disposal
On-Site Containment Technology
Access to Water Resources
Water Recycling
On-Site Hazmat Procedures
Air Quality Procedures



Provisions a Landowner Should Consider in a Lease – Baselines

What landowners need to do...

Record Production Yields – USDA – FSA
Water Quantity – Certified Hydrologist, County SWCD.
Water Quality – Check your water well and on-site septic system with a Registered Sanitarian, County Health Dept.
Soil Tests – County SWCD and/or OSUE.
Locate "orphan wells" and abandoned coal mining facilities.



Other Information Sources...

Rules, Regulations and Enforcement Matters

The Ohio Department of Natural Resources
Division of Oil and Gas
4383 Fountain Square Drive, Bldg. B-3
Columbus, OH 43224-1362
(614) 265-6922

<http://www.ohiodnr.com/mineral/oil/tabid/10371/default.aspx>



Other Information Sources...

Oil & Gas Drilling – Education and Information

The Ohio Oil and Gas Energy
Education Program (OGEEP)
P.O. Box 187
1718 Columbus Road SW
Granville, OH 43023
(740) 587-0414

<http://www.oogeeep.org/>





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